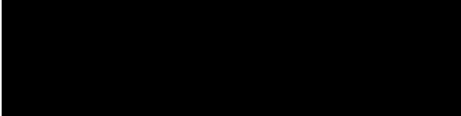


SECRET***OGC Has Reviewed*****8 June 1949**

25X1A



Gentlemen:

25X1A

Subject: Contract 

Acknowledgment is made of your letter of June 3, 1949 wherein you request that the subject contract be amended by including a provision which will demonstrate to the California State Board of Equalization that the local sales tax is not assessable on materials purchased for the contract.

We have reviewed your request, and although there is no objection to an amendment, we feel it to be unnecessary under the circumstances. Your attention is directed to Article 3 (a) and (b) of the subject contract and to the implementing instructions on accounting for property under the aforesaid Article. It is the intent of this Article, for apparent reasons, to control and vest title to all property in the Government, however and whenever acquired under the contract. The certification required in conjunction with the final accounting to be submitted by you in accordance with the instructions of the Contracting Officer is predicated on this principle. It would be inconsistent for the Government to possess and insist upon the controls contemplated under Article 3 (a) and (b) without benefit of title.

As Contracting Officer I should like to assure you that our interpretation and administration of Article 3 (a) and (b) of the subject contract requires a recognition that title to all property purchased for the performance of the contract vests in the Government, as of the time of delivery to you, or upon the occurrence of any other event prior to delivery by which title passes from the vendor or supplier thereof.

It is our hope that the foregoing statement will enable you to establish to the State Board that the subject contract is eligible for exemption. In this connection you are authorized to disclose the contents of this letter to the appropriate official thereof.

Very truly yours,

JBK/hw

cc: Chrono
Subject

Contracting Officer**SECRET**